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FISCAL IMPACT STATEMENT

LS 6318

BILL NUMBER: SB 113

NOTE PREPARED: Nov 26, 2002

BILL AMENDED:

SUBJECT: Affiliated Interests of Regulated Utilities.

FIRST AUTHOR: Sen. Antich

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill gives the Indiana Utility Regulatory Commission (IURC) broader access to the records of an affiliate of an electric or a gas utility. The bill provides that in a case in which such a utility requests a change in its rates based on its costs for fuel or gas, the Utility Consumer Counselor (OUCC) or any party or intervenor in the proceeding may examine the books and records of any affiliate from which the utility purchases fuel or gas to determine the reasonableness of the cost of the fuel or gas.

The bill provides that at the time of a quarterly or an annual examination of the records of an electric or a gas utility, the Utility Consumer Counselor may also examine the records of an affiliate from which the utility purchases fuel or gas to determine the reasonableness of the cost of the fuel or gas.

It also allows the IURC, in ascribing revenue to a utility seeking a fuel or gas cost charge, to ignore any corporate distinction between the utility and an affiliate providing fuel or gas to the utility. The bill provides that a contract between an electric or a gas utility and an affiliate is not effective unless the IURC finds that the contract is in the public interest and the result of a transaction consistent with arm's length negotiations.

It also allows the IURC to adopt rules concerning certain transactions between electric or gas utilities and affiliates. The bill prohibits certain public utilities from providing certain subsidies to affiliates or unregulated activities.

Effective Date: Upon passage; July 1, 2003.

Explanation of State Expenditures: *IURC Impact:* Expanding the Commission's jurisdiction to the affiliated interests of regulated gas and electric utilities and changing the method by which the Commission

calculates adjustments for fuel and gas costs are not expected to have a significant administrative impact on the IURC.

OUC Impact: The bill allows the OUC or another intervening agency to examine the books and records of any affiliated interest from which the utility purchases fuel or gas to determine the price paid by the utility for the fuel or gas. Under current law, the OUC only examines the books and records of the regulated utility.

This bill could increase the administrative costs of the OUC. The costs associated with this additional investigative authority are not expected to surpass the resources currently available to the Counselor.

Background on IURC and OUC Funding: The operating budgets of the IURC and OUC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.10% of their gross intra-state operating revenues to fund the IURC and OUC. In FY 2002, fees from the utilities and fines generated approximately \$9.5 M.

Explanation of State Revenues: *Court Fee Revenue:* The bill allows persons who have suffered a pecuniary loss from a violation of the bill's provisions to bring a civil action in an Indiana court having jurisdiction. If additional civil actions occur, revenue to the state General Fund may increase if court fees are collected. A civil filing fee of \$100 would be assessed when a civil case is filed. 70% of the filing fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 filing fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.

State Agencies Affected: Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor.

Local Agencies Affected: Trial courts, city and town courts.

Information Sources:

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